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SUBJECT: INDIA ENTHUSIASTIC ABOUT SECRETARY RICE'S VISIT

Classified By: DCM Robert O. Blake, Jr. for Reasons 1.4 (B, D)

1. (C) Summary: In an upbeat assessment of Secretary Rice's first visit to India, MEA Joint Secretary (Americas) S. Jaishankar described the action agenda that the Secretary left behind as "the most significant road map we've had in the last 47 years." Areas for immediate progress include expanding the bilateral dialogue on strategic issues, initiating an Energy Dialogue, and reinvigorating the Economic Dialogue. Using the Secretary's comment that international institutions must adapt to reflect how the world has changed, the GOI is also eager to engage the US on India's role in those organizations. End Summary.

Expanding Strategic Dialogue

2. (C) Following Secretary Rice's positive and productive visit to New Delhi, DCM, PolCouns, and PolMilOff met with J/S Jaishankar, MEA Director (Americas) Renu Pall, and Deputy Secretary (Americas) Santosh Jha on March 17 to review ways

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to advance issues raised during the Secretary's visit. DCM thanked the GOI for their efforts to make Secretary Rice's first visit to India a success. Jaishankar was clearly very pleased with the substance of the Secretary's visit and about the glowing response her visit inspired in the national and international press.

3. (C) Using the impetus of the Secretary's visit, the DCM outlined the three key ideas that had emerged from the visit that need immediate action: expanding the current strategic dialogue, inaugurating an energy dialogue, and revitalizing the economic dialogue. While the NSSP will remain a valuable framework for strengthening US-India relations, the array of strategic issues on which the US and India have complementary interests is broader than the NSSP alone and should be reflected in an expanded, senior-level strategic dialogue. In addition to civil nuclear, space, high tech, and missile defense under the NSSP umbrella, the Secretary and her interlocutors had agreed that a high-level strategic dialogue would address broader global and regional security concerns, India's defense requirements, including co-production, early warning and command and control systems, high tech trade facilitation, and the Proliferation Security Initiative (PSI).

4. (C) Expanding on some these ideas, the DCM suggested both sides explore forming a working group of ISRO, NASA, and other officials to identify more areas for US-India cooperation in the civil space field. Irrespective of the status of the PSI Core Group, the DCM reiterated the Secretary's hope that India would agree to adhere to the

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Statement of Principles and might host a regional PSI event this year.

5. (C) Jaishankar asked whether the proposed strategic dialogue would have Cabinet-level representation. DCM noted this idea is only in the formative stages, but the Secretary would likely be the intellectual lead, with most of the substantive discussion done at lower levels. Noting the broad scope of the strategic dialogue, and the increasing degree of commonality in our global security interests, PolCouns encouraged the GOI to consider that such a dialogue has the potential to surpass the NSSP in its significance to the bilateral relationship.

6. (C) In light of the Secretary and FM's common desire to conclude NSSP Phase II soon, DCM inquired about the status of draft export control legislation. Jaishankar acknowledged that the US decision to include a civil nuclear component in the energy dialogue would be helpful, but cautioned that, unlike the US system, in the Indian system, "drafting legislation is the hard part, not passing it." The Ministry of Commerce is officially in charge of drafting the legislation, but Jaishankar lamented that Commerce had earlier been "completely laid back" about the priority of this legislation, "giving equal weight to export controls as the import of car parts." However, he was encouraged by Commerce Minister Kamal Nath's lunch discussion with the Secretary and promised to invoke the commitments made by the

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FM to Secretary Rice to generate movement in Commerce. PolCouns pointed out that Washington has now taken several steps to improve the atmosphere for NSSP progress, and urged the GOI to share its draft export control legislation in fulfillment of Phase II of the NSSP as quickly as possible.

Emerging Energy Dialogue

17. (C) Recognizing that India's growing energy needs will continue to influence its foreign policy, an Indo-US energy dialogue might address issues such as energy security, civil-nuclear cooperation, and environmental concerns. Remarking that the March 16 New York Times article, "US May Help India to Build a Nuclear Power Plant" may have been overly optimistic, DCM noted that Secretary Rice's discussions on this issue nevertheless still represent a great step forward. Jaishankar described "asymmetrical" systems for energy engagement, with the Department of Energy leading US energy policy, including nuclear energy. In the Indian system, responsibility is split among several ministries, including Petroleum, Environment, Non-Conventional Energy, and the Department of Atomic Energy.

18. (C) On the proposed India-Iran pipeline, DCM lamented that Indian press articles on the subject overemphasized the disagreement, especially considering that there has not yet been a determination that the GOI will proceed with the project, while underplaying the significance of initiating a broad energy dialogue. Jaishankar stated that he was impressed with the high degree of openness in the Secretary's discussions and agreed that the press had overplayed disagreement in her comments regarding Iran.

Reinvigorating the Economic Dialogue

19. (C) DCM hoped that upcoming visits by Transportation Secretary Mineta and Treasury Secretary Snow to India would

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re-energize the Economic Dialogue. Further, Ambassador Mulford would likely use his late April visit to the US to discuss the CEO Forum with appropriate Washington officials.

India's International Role

110. (C) Jaishankar carefully explained that the GOI viewed the Secretary's statement that the world had changed and international institutions should reflect those changes as viewed by the GOI as "forward movement," but understood this was no commitment about the US position on UNSC reform. Jaishankar said he had spoken to other members of the Secretary's delegation who underscored that the Secretary

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said "international institutions," not specifically the UN, and invited India to explore what that might mean. Jaishankar queried whether, with "reasonable inference," India might seek to participate in the G-8. Jaishankar acknowledged that the US had "consciously chosen not to show its hand" regarding UNSC membership, but emphasized that India wanted to "get into the process early" and define their position on UN reforms. Toward this goal, Jaishankar said he would draft a cable instructing Ambassador Sen to invite Senior Advisor on UN Reform Shirin Tahir-Kheli to India in March or early April to discuss US priorities for UN reform with FS Saran. Explaining that she had just been appointed, the DCM cautioned that Ambassador Tahir-Kheli may not be able to meet on such a short time frame. Failing a separate visit to India, Jaishankar offered that perhaps the FS might join the FM on the April visit to Washington to discuss the matter with Ambassador Tahir-Kheli.

Clarification about MRCA Response

111. (S) Jaishankar also sought clarification about the Secretary's indication that the US will participate in the

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Request for Information (RFI) for the sale of 126 multi-role combat aircraft (MRCA), asking whether the US must seek a license to respond to the RFI. DCM clarified that the US will need a license in the next step, the Request for Proposals (RFP), but the US will deliver its formal response in a letter more quickly. Jaishankar was relieved, saying, "We have creatively stretched this window for a long time," and the GOI was under pressure from "those who might lose out" because of US participation in the bid. He strongly urged that the US deliver the letter as soon as possible, in a few days.

Cooperation on Bangladesh

12. (S) Citing US-India cooperation on Nepal as a "model," Jaishankar suggested that A/S Rocca stop in New Delhi before a proposed visit to Bangladesh in April. DCM inquired about the possibility of greater intelligence-sharing to which Jaishankar responded that the GOI could organize a "fairly detailed" briefing for A/S Rocca during her visit.

Maintaining Policy Line on the LOC

13. (C) In response to apparently differing Indian interpretations about discussions about the Line of Control, and noting that the FM and Manmohan Singh had also raised the issues of LOC sanctity and infiltrations, PolCouns clarified that there was "no change in US policy" on this matter.

Next Steps

14. (U) Jaishankar cautioned that the suggestion to slightly postpone the FM's trip to Washington to April 17-18 was only tentative until the GOI can confirm that he is available on these dates. Both the DCM and Jaishankar agreed that the FM's visit should lay the groundwork for the PM's visit to Washington in the summer, the dates of which also have to be fixed.

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